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EXAMINER

JOHNSON, GREGORY L

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 10/728,488  
Filing Date: December 05, 2003  
Appellant(s): WARREN, MARC S.

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David M. Warren  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed April 8, 2009 appealing from the Office action mailed November 12, 2008.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

|              |             |         |
|--------------|-------------|---------|
| 2002/0198833 | Wohlstadter | 12-2002 |
| 20050080705  | Chaganti    | 04-2005 |

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|              |                         |         |
|--------------|-------------------------|---------|
| 2004/0267647 | Brisbois                | 12-2004 |
| 2007/0027787 | Tripp                   | 02-2007 |
| 7,310,616    | Sugahara, James Takeshi | 12-2007 |
| 5,262,942    | Earle                   | 11-1993 |
| 6,601,044    | Wallman                 | 07-2003 |

Barron's Dictionary of Finance and Investment Terms; 2003; Sixth Edition

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 101*****A.** 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-7 and 9-12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The independent claims 1 and 12 recite a process comprising the steps of acquiring, dividing and establishing. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claims, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied to, for example by *identifying the apparatus that performs the*

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*method steps (i.e. acquiring, dividing and establishing)* or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claims 2-7 and 9-11 are rejected to because of their dependency on claim 1.

***Claim Rejections - 35 USC § 103***

**B.** The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**C.** The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

**D.** Claims 1-4 and 12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wohlstadter, Pub. No. 2002/0198833 (hereinafter Wohlstadter), in view of Chaganti, Pub. No. 20050080705 (hereinafter Chaganti), Brisbois, Pub. No. 2004/0267647 (hereinafter Brisbois), Tripp, Pub. No. 2007/0027787 (hereinafter Tripp) and Barron's Dictionary of Finance and Investment Terms (hereinafter Barron).

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As to claims 1 and 12, Wohlstadter discloses the following elements:

- A method for managing the assets of holders of rights in a property (e.g. securities; Abstract and ¶0041 and ¶0044), comprising the steps of:
- wherein each of the shares constitutes a set of rights (e.g. ownership rights such as full or partial; ¶0044 and ¶0095),
- wherein an individual one of the rights in the set of rights is a different kind of right from another one of the rights in the set of rights, there being at least two different kinds of rights in the set of rights, said individual right comprising at least one of an equity right, a non-equity right, a right to receive a dividend or portion of the dividend, a right to receive an interest payment or portion thereof, a right to receive rent, a right to real property, a right to a warrant, a right to a stock split, a right to conversion between classes of securities, a residual right, a voting right, a right to receive capital appreciation (e.g. partial ownership rights in a security can be interpreted as an equity right and the voting right interpreted as a non-equity right; ¶0041, ¶0044 and ¶0095),
- dividing the set of rights into portions, each of the portions having at least one of the rights (e.g. partial ownership rights in a security and the voting right; ¶0041, ¶0044 and ¶0095),
- wherein a kind of right that is present in a first of the portions is absent in a second of the portions (e.g. partial ownership rights in a security and the voting right; ¶0041, ¶0044 and ¶0095); and

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- establishing a market in the portions, wherein in said market, there is a selling of the portions to investors and a repurchasing of the portions from the investors, said repurchasing enabling a holder of one of said portions to regain a divided-out right from one of said investors (§0008-0012).

Wohlstadter does not disclose the following limitation:

- acquiring shares of ownership in a property represented by a security and issued by a business enterprise, the shares of ownership being acquired by an administrator.

However, Brisbois teaches a method in which capital market products such as bonds, equities and the like, employing a life settlement policy as collateral (e.g. the property) against repayment of principle. Brisbois teaches that a bond issuer (e.g. the business enterprise) uses the policy options to obtain a firm, written commitment from the underwriter (e.g. administrator) to purchase the inventive life settlement bond issue (e.g. shares; Abstract and §0059). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the methods of issuing, servicing and redeeming capital market products such as bonds and equities as taught by Brisbois, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

See MPEP 2143 (Rev. 6, Sept 2007).

Wohlstadter also does not disclose the following limitations

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- dividing the set of rights into portions by the administrator; and
- establishing a market in the portions by the administrator.

However, Tripp teaches a data processing method for introducing an asset-backed fixed-income security, in which an accrued interest in the form of Accrual Rights is stripped off (e.g. dividing out rights), from a certificate (e.g. financial instrument).

Tripp also teaches the creation of a market where the Accrual Rights are sold. It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the method of stripping off rights and creating a market where they can be sold as taught by Tripp, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable. See MPEP 2143 (Rev. 6, Sept 2007).

Wohlstadter also does not disclose the following element:

- wherein one or more of said rights may have a time limitation;

Chaganti teaches a method and system for selling shares in tangible and intangible property over the internet. Chaganti also teaches that the system could also sell, for example, the rights to the future earning of an intangible (e.g. right to collect for patent infringement). Chaganti further teaches that there could be a temporal aspect to most of the rights (i.e. some rights can be sold with a time limitation on them; Abstract and ¶¶ 0003, 0006 and 0025-0026). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange



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system of Wohlstadter, the temporal aspect on rights as taught in the trading property system of Chaganti since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

Wohlstadter also fails to disclose the following element:

- a repurchasing of the portions from the investors, said repurchasing enabling a holder of one of said portions to regain a divided-out right from one of said investors.

Barron teaches a method for a share repurchase plan and a stock buyback process. It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the method of a share repurchase or stock buyback as taught by Barron, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable. It would also have been obvious to one of ordinary skill in the art at the time of Applicant's invention to substitute shares with rights, since the claimed invention is simply a substitution of one known element for another, and one of ordinary skill in that art would have recognized that the results of the substitution were predictable. See MPEP 2143 (Rev. 6, Sept 2007).

As to claim 2, Wohlstadter discloses the following element:

- one of the portions is an equity portion with an equity right and at least another one of the portions is a non-equity portion with a non-equity right that is stripped off from an equity portion (e.g. partial ownership rights in a security can be interpreted as an equity right and the voting right interpreted as a non-equity right; ¶¶ 0041, 0044 and 0095).

However, Wohlstadter fails to disclose the following element:

- wherein said repurchasing enables a holder of an equity portion to regain a non-equity right from one of said investors.

Barron teaches a method for a share repurchase plan and a stock buyback process. It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the method of a share repurchase or stock buyback as taught by Barron, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable. It would also have been obvious to one of ordinary skill in the art at the time of Applicant's invention to substitute shares with rights, since the claimed invention is simply a substitution of one known element for another, and one of ordinary skill in that art would have recognized that the results of the substitution were predictable. See MPEP 2143 (Rev. 6, Sept 2007).

As to claims 3 and 4, Wohlstadter discloses a voting right (i.e. non-equity right; ¶¶ 0041, 0044 and 0095), however Wohlstadter fails to disclose the following elements:

- designating a limited duration of time of a fractional right in one of said portions; and
- said limited duration of time of a fractional right is in a non-equity portion

However, Chaganti teaches a method and system where rights can be sold that have a temporal aspect to them (i.e. some rights can be sold with a time limitation on them; Abstract and ¶¶ 0003, 0006 and 0025-0026). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the temporal aspect on rights as taught in the trading property system of Chaganti since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

**E.** Claims 5-7 and 11 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wohlstadter, Chaganti, Brisbois, Tripp and Barron as applied to claims 1 and 4 above, and further in view of Sugahara, Pat. No. 7,310,616 (hereinafter Sugahara).

As to claim 5-7, Wohlstadter discloses that an issuing entity (e.g. holder of equity portion) can sell partial ownership rights in a security and/or sell voting rights (e.g.

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divided-out right) associated with the security. However, Wohlstadter fails to disclose the following:

- the holder of the equity portion regains the non-equity right after expiry of said limited duration of time;
- designating a limited duration of time (e.g. expiration date and/or time) of a fractional right (i.e. non-equity right) in one of said portions; and
- the holder of said one portion (i.e. equity portion) regains the divided-out right (i.e. non-equity right) after expiry of said limited duration of time.

However, Sugahara teaches a method for structuring the trading of securities where buyers may have a desire to acquire short exposure to the securities. Sugahara teaches that an agent and lender may agree that lender sell (and then repurchase therefrom) a desired number of shares of stock (i.e. securities) to an interested borrower on terms satisfactory to the parties (col. 12, lines 53-64). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the repurchasing feature as taught in the securities trading method of Sugahara since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

As to claim 11, Wohlstadter discloses the following element:

- wherein each of said portions constitutes a fractional right of the set of rights in a share of ownership in the property (§ 0044 and 0095).

However, Wohlstadter fails to disclose the following elements:

- said dividing step includes a step of designating a limited duration of time of the fractional rights in said portions sold to investors by the administrator, and
- said repurchasing step enables one of said investors, who is a holder of said one portion, to regain fractional rights from a plurality of said portions sold to other ones of said investors, thereby to obtain complete rights to the share of ownership of said holder.

In regards to these two elements, Applicant should refer to the above examination of claim 3 and then claims 1, 2 and 5 (respectively), where the elements have already been addressed.

**F.** Claim 9 is rejected under 35 U.S.C. 103(a) as being unpatentable over Wohlstadter, Chaganti, Brisbois, Tripp and Barron as applied to claim 1 above, and further in view of Earle, Pat. No. 5,262,942 (hereinafter Earle).

As to claim 9, Wohlstadter fails to explicitly disclose the following element:

- the administrator accomplishes a further step of disbursing dividends from the property to such ones of the investors who have rights to receive a dividend.

However, Earle teaches that in a financial transaction network a transfer agent system executes all transactions and acts within the financial network for purposes of updating shareholder records and applying dividends to fund shares (Abstract; col. 6, line 66 thru col. 7, line 5). It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the dividends distribution system as taught by Earle since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

**G.** Claim 10 is rejected under 35 U.S.C. 103(a) as being unpatentable over Wohlstadter, Chaganti, Brisbois, Tripp and Barron as applied to claim 1 above, and further in view of Wallman, Pat. No. 6,601,044 (hereinafter Wallman).

As to claim 10, Wohlstadter fails to explicitly disclose the following element:

- the administrator accomplishes a further step of transmitting votes to a management of the property from such ones of the investors who have rights to vote on matters relating to management of the property.

However, Wallman teaches a computer-based system for creating a portfolio of assets and executing trades in the assets to modify the portfolio. Wallman teaches that the computer-based system is provides the ability to make adjustments to a portfolio of securities by selling or purchasing securities to modify the portfolio, for monitoring tax effects, for passing through voting rights of the securities and for delegating such rights to third parties at the discretion of the investor, for limiting parameters of portfolios if desired by the investor or another with authority over the account, and for analyzing investments held by the investor on an integrated, portfolio basis (col. 19 lines 41-61).

It would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the management of voting rights as taught by Wallman since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

### **(10) Response to Argument**

The Examiner summarizes the various points raised by the Appellant and addresses them individually.

#### **Rejections of Claims 1-7 and 9-12 under 35 U.S.C. § 101**

H. Appellant recites four patents that the type of subject matter claimed in the instant application has been found to be statutory in previously issued United States patent. [Sugahara (US 7,310,616), Musmanno (US 5,826,243), Danvers (US 6,044,352), and Stallaert (US 6,035,287)].

See Appeal Brief, pgs. 11-18; and in particular, pg. 14, last ¶ and pg. 18, 2<sup>nd</sup> ¶.

In Response: Based on Supreme Court precedent and *recent* Federal Circuit decisions, a proper process *must be tied to another statutory class* or transform the underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). In the instant case, neither of these requirements is met by the claims; therefore, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claims should (1) positively recite (within the body of the claims) the other statutory class to which it is tied, for example by identifying the apparatus that accomplishes the significant steps of the process or (2) positively recite the *physical subject matter* that is being transformed from one state to another.



In regards to the patents cited by Appellant, the Appellant ignores the fact that what constitutes statutory subject matter has changed over the years based on court decisions. As stated in the previous paragraph above, a proper process *must be tied to another statutory class* or transform the underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). This standard applies to cases currently being prosecuted including the instant application.

I. Appellant cites the claimed invention is directed to a process in which a transformation of a particular article into a different state or thing is accomplished. Appellant cites that the examiner's reasoning appears to be in accord with the reasoning of the *Bilski* case decided on October 30, 2008 by the United States Court of Appeals for the Federal Circuit. See Appeal Brief, pgs. 18-20.

In Response: The examiner respectfully disagrees with Appellant's assertion. The courts meaning of a "transformation of a particular article into a different state or thing" is directed to a physical transformation, such as the transformation of sand into glass. Appellant's process, which is directed to a form of legal rights, does not perform a physical transformation. Similar subject matter found in the instant application was addressed in the *Bilski* case:

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We hold that the Applicants' process as claimed does not transform any article to a different state or thing. Purported transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances. Applicants' process at most incorporates only such ineligible transformations. See Appellants' Br. at 11 ("[The claimed process] transforms the relationships between the commodity provider, the consumers and market participants . . ."). As discussed earlier, the process as claimed encompasses the exchange of only options, which are simply legal rights to purchase some commodity at a given price in a given time period. See J.A. at 86-87. The claim only refers to "transactions" involving the exchange of these legal rights at a "fixed rate corresponding to a risk position." See '892 application cl.1. Thus, claim 1 does not involve the transformation of any physical object or substance, or an electronic signal representative of any physical object or substance. Given its admitted failure to meet the machine implementation part of the test as well, the claim entirely fails the machine-or-transformation test and is not drawn to patent-eligible subject matter.

**J.** Appellant argues (pg. 21, 1<sup>st</sup> ¶) "there is no suggestion in the activity of Tripp to go out and buy his special form of security (analogous to the presently claimed step of acquiring shares of ownership), especially since the Tripp security is specially made and not available elsewhere."

In response to Appellant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention

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where there is some teaching, suggestion, or motivation to do so found either in the references themselves *or in the knowledge generally available to one of ordinary skill in the art*. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

In the instant case, Tripp teaches a data processing method for introducing an asset-backed fixed-income security, in which an accrued interest in the form of Accrual Rights is stripped off (e.g. dividing out rights) from a certificate (e.g. financial instrument). Tripp also teaches the creation of a market where the Accrual Rights are sold. It would have been obvious to *one of ordinary skill in the art* at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the method of stripping off rights and creating a market where they can be sold as taught by Tripp, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable. See MPEP 2143 (Rev. 6, Sept 2007); Rationales A and F.

**K.** Appellant argues (pg. 23, 2<sup>nd</sup> ¶) "the foregoing references serve the purpose of showing that various elements of the claims are known in the financial field of art. But there does not appear to be any teaching in any one of the references that teaches or even suggests the presently claimed subject matter. There is no overriding theme in any

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of the references to show the general concept of the presently claimed invention, and therefore, there can be no motivation to combine the references.”

In response to Appellant’s argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves *or in the knowledge generally available to one of ordinary skill in the art*. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

L. Appellant argues (pg. 23, 2<sup>nd</sup> ¶) that “There is no mention, suggestion, or teaching by Wohlstadter of the division of the set of rights embodied in a security into one or more of the rights, representing a fraction or portion of the rights embodied by the security, followed by the establishment of a market in the “fractional rights” (a term used in the present specification).”

In response: The Office Actions clearly cites Tripp as teaching the following subject matter recited in independent claims 1 and 12:

- dividing the set of rights into portions by the administrator; and
- establishing a market in the portions by the administrator.

Tripp teaches a data processing method for introducing an asset-backed fixed-income security, in which an accrued interest in the form of Accrual Rights is stripped off (e.g. dividing out rights), from a certificate (e.g. financial instrument). Tripp also teaches the creation of a market where the Accrual Rights are sold.

**M.** Appellant argues (pg. 25, 1<sup>st</sup> ¶) “the combination of Wohlstadter with Chaganti does not suggest, or motivate one to practice the claimed subject matter (claims 1 and 12) of: acquiring shares constituting a set of rights, – followed by a dividing of the set of rights into portions, each of the portions having at least one of the rights, wherein a kind of right that is present in a first of the portions is absent in a second of the portions, – followed by yet a further recitation of – (3) establishing a market in the portions.”

In response: The examiner respectfully disagrees with Appellant’s assertions. Appellant’s arguments are based on some teaching, suggestion or motivation found in the references used in the rejections. The Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. \_\_\_, \_\_\_, 82 USPQ2d 1385, 1395-97 (2007) identified a number of rationales to support a conclusion of obviousness which are consistent with the proper “functional approach” to the determination of obviousness as laid down in *Graham*. The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.

In the instant application, the Office Action explicitly recites the combination of Wohlstadter with Chaganti is based on Chaganti teachings of a method and system for selling shares in tangible and intangible property over the internet. Chaganti teaches that the system could sell, for example, the rights to the future earning of an intangible (e.g. right to collect for patent infringement). Chaganti future teaches that there could be a temporal aspect to most of the rights (i.e. some rights can be sold with a time limitation on them). As interpreted, both Wohlstadter and Chaganti teach methods and systems for selling shares/securities within an electronic marketplace/exchange.

Therefore, it would have been obvious to one of ordinary skill in the art at the time of Applicant's invention to include in the securities exchange system of Wohlstadter, the temporal aspect on rights as taught in the trading property system of Chaganti, since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in that art would have recognized that the results of the combination were predictable.

**N.** The remaining four arguments are all directed to a lack of motivation to combine the references (i.e., not directed to whether or not the references teach the claimed subject matter); accordingly, the same response is applied to all four arguments.

Appellant argues:

(pg. 26, 1<sup>st</sup> ¶) "This analysis emphasizes the point, stated above, that the art shows that the various parts of the claimed subject matter can be constructed or

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practiced in accordance with prior-art knowledge. But there is no reference showing or suggesting the overall process, or anything like the process, as set forth in claim 1 and any of its depending claims, and as set forth in claim 12 (claim 12 differs from claim 1 in respect to the final paragraph)."

**(pg. 26, 3<sup>rd</sup> ¶)** "Sugahara is employed, in addition to the previously discussed references for claim 1, to teach the feature of a repurchasing of a desired number of shares of stock. It appears that this reference may apply to claims 5 and 7, but not to claim 6 because claim 6 does not recite the repurchasing feature. The fact that Sugahara can provide for a repurchasing feature does not show how such a feature would be incorporated advantageously in claim 1 in combination with the teachings of all of the other cited references. Thus, there is no motivation to combine the references."

**(pg. 26, last ¶)** "Earle is employed, in addition to the previously discussed references for claim 1, to teach the feature of a disbursing of dividends. The fact that Earle can provide for a feature of disbursing dividends does not show how such a feature would be incorporated advantageously in claim 1 in combination with the teachings of all of the other cited references. Thus, there is no motivation to combine the references."

**(pg. 27, 2<sup>nd</sup> ¶)** "Wallman is employed, in addition to the previously discussed references for claim 1, to teach the feature of passing through voting rights of the securities. The fact that Wallman can provide for a feature of handling the voting rights does not show how such a feature would be incorporated advantageously

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in claim 1 in combination with the teachings of all of the other cited references.

Thus, there is no motivation to combine the references.”

In response: The examiner respectfully disagrees with Appellant’s assertions. Appellant’s arguments are based on some teaching, suggestion or motivation found in the references used in the rejections. The Supreme Court in *KSR International Co. v. Teleflex Inc.*, 550 U.S. \_\_\_, \_\_\_, 82 USPQ2d 1385, 1395-97 (2007) identified a number of rationales to support a conclusion of obviousness which are consistent with the proper “functional approach” to the determination of obviousness as laid down in *Graham*. The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in *KSR* noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.

The Office Action clearly articulates sound reasoning in establishing a prima facie case of obviousness. All of the references are directed to teachings of selling securities in an electronic marketplace and such teachings would have been known to one of ordinary skill in the art of securities trading at the time of applicant’s invention. For the above stated reasons, the examiner maintains that the combined teachings Wohlstadter, Chaganti, Brisbois, Tripp, Barron, Sugahara, Earle and Wallman, disclose, teach, and suggest applicant's inventive concept.



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**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Gregory Johnson

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691

Conferees:

/A. K./

Supervisory Patent Examiner, Art Unit 3691

Vincent Millin/vm/

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